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Big tech outages don't have to shut down business for prepared advisors
By Rob Burgess
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Over the past month, disruptions at Amazon Web Services and Cloudflare took down a significant number of websites that financial advisors rely on to do business.

They raise questions about how advisors can best prepare for tech outages and keep up with clients' needs.

On Oct. 20, cloud computing service Amazon Web Services (AWS) experienced significant disruptions, and on Tuesday, connectivity cloud company Cloudflare went down, taking many websites that rely on it. Even if a firm doesn't use these cloud services directly, reliance on third-party services that do can create ripple effects.

"These layered dependencies can disrupt critical financial applications quickly," said AJ Thompson, chief commercial officer at IT consulting firm Northdoor, which advises financial organizations.

Experts say these sorts of outages show the importance of thinking ahead and backing up sensitive data in multiple locations.

The dangers of everything being connected
One of the problems with these API failures is that they can freeze applications, even when local servers are healthy. This leads to delays in accessing client data and key services, said Thompson.

"Understanding hidden dependencies is therefore essential," he said.

The reality is that these major international services like Cloudflare, AWS, Google Cloud Services and others are all intertwined. So even when the cloud companies managing a firm's software servers aren't directly hit, they still feel the effects, said Benjamin Simerly, founder of Lakehouse Family Wealth in Cleveland.

"Not only do they affect data access on web service-based platforms, but they also create a broader problem," he said. "Almost all software is now run online, including trading platforms. I think the day is coming near when clients will be asked to accept by the SEC that there will be 'snow days' of sorts, where the internet is down, trading is slow or paused, and there's no alternative."

Creating 'backups upon backups'
Though it doesn't solve the larger problem, firms that are forward-thinking will

have already started creating duplicates of sensitive data.

Thompson said his firm maintains regular local backups and uses a multicloud, active-active architecture, meaning multiple servers are running together at once.

Running parallel environments with DNS load balancing, which distributes network traffic across multiple servers, supports rapid failover, which can immediately shift resources from a main server to a backup, and reduces downtime, he said.

"Relying on a single cloud provider is risky," he said.

Steven Crane, founder of Financial Legacy Builders in Dayton, Ohio, said his firm is built with multiple layers of redundancy precisely to avoid disruptions like this.

"I keep local backups on a Synology system that is also backed up to the cloud, and we never rely on a single point of failure," he said. "Outages like these do not impact my ability to access client data because everything is duplicated, locally and remotely. Even if one system went down, we have secondary and tertiary backups ready to go."

Like Crane, Simerly said his firm has "backup upon backup" for all client files. Therefore, he said much of its internal work can continue if Cloudflare and related companies' servers go down.

However, much of the financial world runs on files that cannot be held locally, but on server-run software instead, he said.

"So things like stock trades, processing distribution requests and client account services will be halted more and more often as these server challenges increase in frequency and severity," he said.

Overall, Thompson said these outages highlight that resilience is a business priority, not just an IT matter.

"It requires mapping every third-party dependency and investing in redundancy to protect client trust and ensure continuous operations," he said.